Institutional lending to small and micro industrial enterprises

35. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that interest rates hikes and credit squeeze have been imposed on institutional lending to small and micro industrial enterprises; and

(b) if so, the details thereof and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) No, Sir. The Public Sector Banks have shown a 25.81% year on year growth of credit outstanding for the year 2006-07 to the Micro, Small and Medium Enterprises.

Reserve Bank of India has deregulated the interest rates on advances above Rs. 2 lakh, including loans to small and micro industrial enterprises in 1994. These interest rates are determined by the banks themselves with the approval of their Boards. For credit limits up to Rs. 2 lakh, the Benchmark Prime Leading Rate (BPLR) has been prescribed as the ceiling lending rate. In order to enhance transparency in banks' pricing of their loans products, banks have been advised to fix ther BPLR after taking into account (i) actual cost of funds, (ii) operating expenses and (iii) a minimum margin to cover regulatory requirement of provisioning/capital charge and profit margin. Banks have also been allowed to freely price their loan products below or above their BPLR and offer floating rate products by using market benchmarks in a transparent manner.

Revenue collections

36. DR. V. MAITREYAN: Will the Minister of FINANCE be pleased to state:

(a) the total collection of revenue both in terms of the direct and indirect taxes during the current financial year;

(b) the percentage as compared to the budget estimates for this financial year;

(c) the steps being taken to improve the collection of revenue; and

(d) the steps being taken to widen the tax base in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The details of collection of revenue both in terms of direct and indirect taxes during the current financial year are as under:—

(Rs. in crore)

	Collection from April' 07 to January' 08	% of Budget Estimates
(i) Direct Taxes	218538	81.70
(ii) Indirect Taxes:		
(a) Union Excise*	97559	75.60
(b) Customs	84258	85.30
(c) Service Tax	35000**	69.70

* Exclusive of cess not administered by Department of Revenue.

**From April. 2007 to December, 2007.

(c) The Government has taken a number of steps to improve collection of revenue. Some of these are—

spreading knowledge about TDS & TCS provisions by organizing training programme for Govt. Departments and PSUs; Monitoring of the recovery of arrears by a Task Force; Monitoring of advance tax payments by top taxpayers; Detection of new areas of violation/ avoidance of the provisions of TDS and taking action for proper deduction and deposit of TDS; Computerization of the departmental business processes and databases for linking of information and reporting of high value tranactions; Collection of data of purchase of luxury goods, and issuance of notices in suitable cases; Multi-media campaign to encourage voluntary compliance of tax laws; Strengthening of tax administration by providing extra manpower and adequate infrastructure; Strengthening of audit capacity; Automation of business process, so that revenue risk is identified expeditiously and addressed in a scientific manner. Taxpayer education; Dissemination of information relating to various laws and levies; regular monitoring of commodity-wise/service-wise revenue; faster completion of pending investigations for issue of show cause notices, strengthening tax administration in key areas such as Service Tax, Internal Audit, Ports, etc.; Inclusion of deterred provisions in central excise laws; monitoring of export obligations under the export promotion schemes, etc.

(d) The following steps have been taken for widening of tax base:

1. Quoting of Permanent Account Number (PAN) in certain transactions.
2. Collection of information through Annual Information Return (AIR) and its utilization.
3. A Tax Information Network (TIN) has been formed as a repository of important tax related information which can be accessed by Department to widen the tax base.
4. From Assessment Year 2006-07, all partnership firms are compulsorily required to file return of income and the basis of filing of return has been shifted from "total income" to "gross total income".
5. Withdrawal of exemption u/s 10 (23EA) of the Income Tax Act.
6. Partial withdrawal of exemption u/s 10 (23G) of income from investment in infrastructure and other projects.
7. Persuasion and creation of awareness through education of tax payers.

Rise in Wholesale Price Index

t37. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the rate of Wholesale Price Index has reached upto 4.11 per cent at the end of the week ending the 26th January, 2008 in the country;

(b) if so, the details thereof;

(c) whether Reserve Bank of India has expressed its concern over this high rate of Wholesale Price Index; and

†Original notice of the question was received in Hindi.